

Austin, Texas

2012-13 Proposed Budget





Inclusive and Transparent Process

- City Council policy retreat in February
- 24 hours of financial forecast work sessions
- 15 public meetings at Boards & Commissions
- Online input
 - Citizen budget questions and comments
 - SpeakUp! budget forum
 - Budget priorities survey
- Extensive documentation available online
 - Results of annual citizen satisfaction survey
 - Horizon issues update
 - Annual performance report and city dashboard
 - Unmet service demands report
 - Menu of potential budget reductions



Budget is Structurally Sound

- Decisive actions taken during the past three budget cycles in response to the great recession
 - Cut 178 vacant positions citywide
 - Renegotiated labor contracts with uniformed personnel
 - Eliminated wage increases in 2010 and deferred planned market studies
 - Balanced cuts with various fee and rate increases to maintain core service levels and avoid layoffs
- General Fund budget is structurally balanced with a 2.2 cent increase in the tax rate
 - Proposed rate is below the rollback calculation for the third consecutive year
 - 3.3 cent increase projected over the 5 year planning horizon to maintain a balanced budget
 - \$1.67 month increase for median homeowner



Budget Values Employees

- 3% salary increase for all employees
- Full-year cost of market studies implemented April 2012 for civilian employees
- Increased contributions to employee retirement systems
 - 1% increase for sworn police
 - 1% increase for sworn fire; additional 1% September 2013
 - 2% increase for civilian employees; final year of planned increase from 8% contribution to 18%
- No layoffs despite continued reductions in federal grant funds
 - 18 positions transferred from grant funds to the General Fund and other local sources



The Road to Best Managed

- Innovation is our path to success – just a few examples:
 - Awards for excellence from GFOA and the State Comptroller for innovations in financial systems and financial transparency
 - Innovations in employee wellness programs have slowed the growth in health care costs
 - *Accelerate Austin* initiative allowed us to reach our pavement condition goal of 80% of lane miles being in fair to excellent condition 5 years ahead of schedule
- The results are in: “*Austin is Setting the standard for performance among large U.S. cities.*” – ETC Institute
 - We are beating the national average in 41 of 46 benchmarked service areas
 - 26% better than national average on customer service rating
 - 13% better than national average on value received for taxes/fees paid
- The challenge ahead: *Continuing to “raise the bar”*
 - Statistically significant improvements between 2010 and 2011 in 21 of 83 service areas measured



Today's Presentation

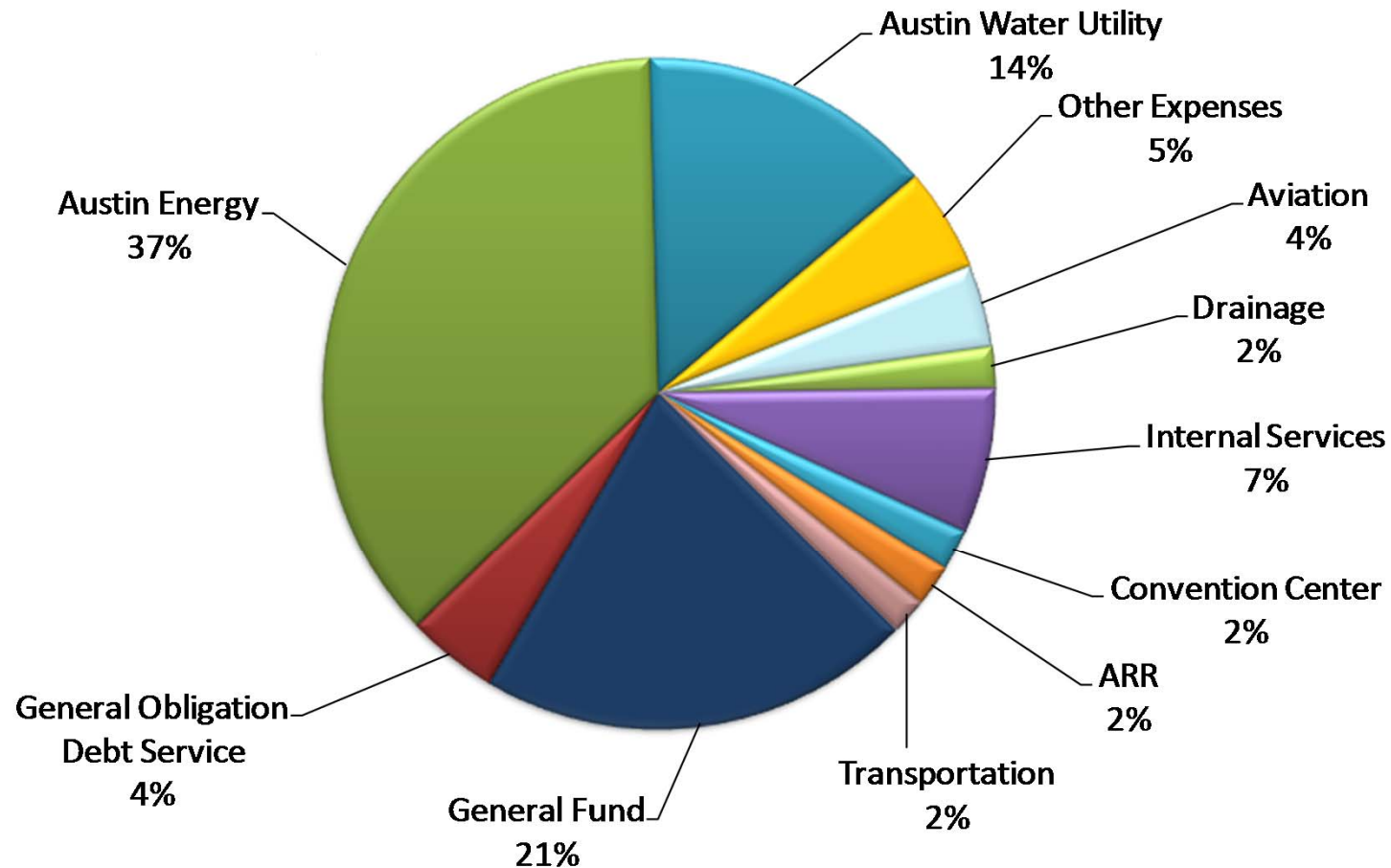
- ✓ All Funds Summary
- ✓ General Fund Revenue Detail
- ✓ General Fund Budget Highlights
- ✓ Internal Service Highlights
- ✓ Enterprise Highlights
- ✓ Cross Jurisdictional Rate Analysis
- ✓ Next Steps

All Funds Summary



All Funds Budget

All City Funds Proposed Uses of Funds FY 2012-13 (\$3.1 billion)



All Funds Personnel Changes

	<u>New</u>	<u>Deleted</u>	<u>Transfers</u>	<u>Change</u>
General Fund	64.5	0.0	12.0	76.5
Austin Convention Center	0.0	0.0	(0.8)	(0.8)
Austin Energy	0.0	0.0	0.0	0.0
Austin Water Utility	26.0	0.0	(1.0)	25.0
Aviation	4.0	0.0	0.0	4.0
Austin Resource Recovery	10.0	0.0	0.0	10.0
Code Compliance	19.0	0.0	0.0	19.0
Transportation Fund	11.0	0.0	0.0	11.0
Watershed Protection	0.0	0.0	(2.0)	(2.0)
Internal Service Funds	24.3	0.0	79.0	103.3
Grant Funds	2.0	(9.0)	(18.0)	(25.0)
Other Funds	<u>5.4</u>	<u>0.0</u>	<u>(69.2)</u>	<u>(63.8)</u>
Total	166.2	(9.0)	0.0	157.2

Major Rate and Fee Changes

Estimated fiscal impact of proposed rate and fee changes on “typical” residential rate payer:

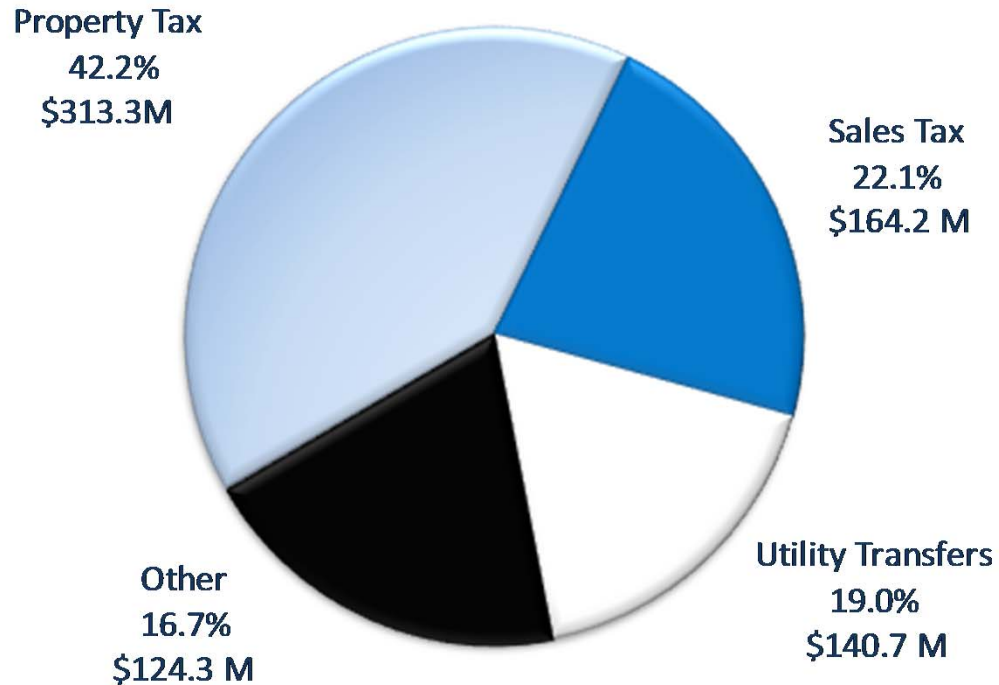
	2012 Monthly Rate	2013 Proposed Rate	Monthly Dollar Change	Typical rate payer defined as:
Austin Energy	\$95.94	\$102.47	\$6.53	<i>Based on average monthly residential customer usage of 1,000 Kwh</i>
Austin Water Utility	\$72.67	\$79.44	\$6.77	<i>The monthly average usage for a residential customer is 7,727 gallons of water and 4,699 gallons of wastewater</i>
Austin Resource Recovery	\$18.75	\$19.75	\$1.00	<i>A typical SWS residential customer uses a 64 gallon cart.</i>
Clean Community Fee	\$5.00	\$6.00	\$1.00	<i>Single-family home/residence</i>
Transportation User Fee	\$7.29	\$7.80	\$0.51	<i>Single-family home/residence</i>
Drainage User Fee	\$7.75	\$8.35	\$0.60	<i>Per equivalent residential unit</i>
Property Tax Bill	\$73.06	\$74.73	\$1.67	<i>Median priced home of \$178,327</i>
Total	\$280.46	\$298.54	\$18.08	average projected increase of 6.4%

General Fund Revenue Detail



General Fund – Sources of Funds

FY 2013 Projected General Fund Revenue \$742.5 Million



Projected General Fund Revenue FY 2012 Estimated to FY 2013 Proposed (millions)

Source	FY 2012	FY 2013	Change
<i>Property Tax</i>	\$279.4	\$313.3	\$33.9
<i>Sales Tax</i>	\$158.7	\$164.2	\$5.5
<i>Utility Transfers</i>	\$139.2	\$140.7	\$1.5
<i>Other Revenue</i>	\$122.0	\$124.3	\$2.3
TOTAL	\$699.3	\$742.5	\$43.2

Property Tax

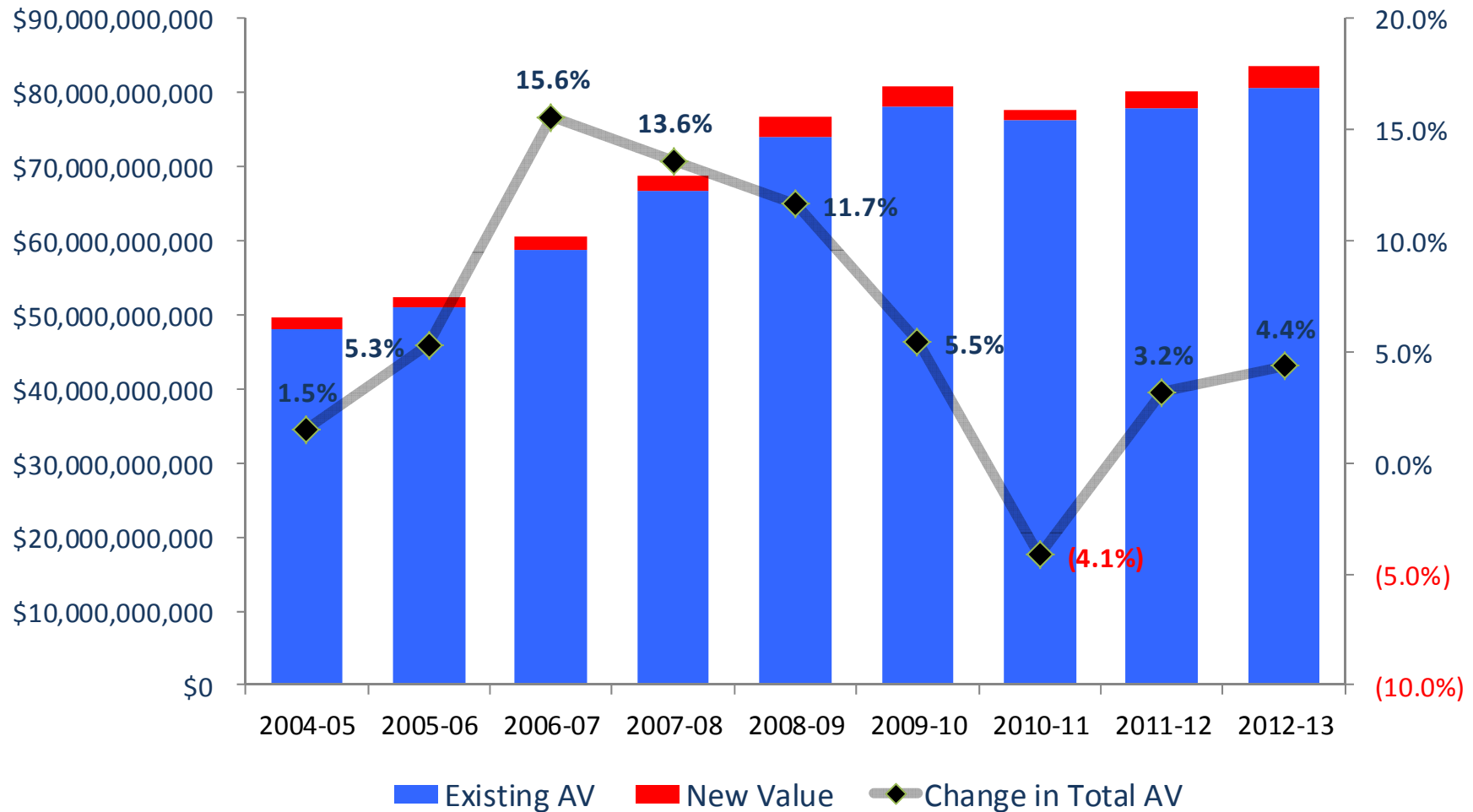
	Growth Rate	Total AV	New Property
FY 2012	3.2%	\$ 80.1 b	\$3.5 b
FY 2013	4.4%	\$ 83.6 b	\$2.9 b

Proposed Tax Rate = 50.29¢



- 2.2¢ increase in the tax rate; from 48.11¢ to 50.29¢ per \$100 of taxable value
- \$1.67 per month impact for owner of a median valued home

Changes in Taxable Value





Austin Area Economy

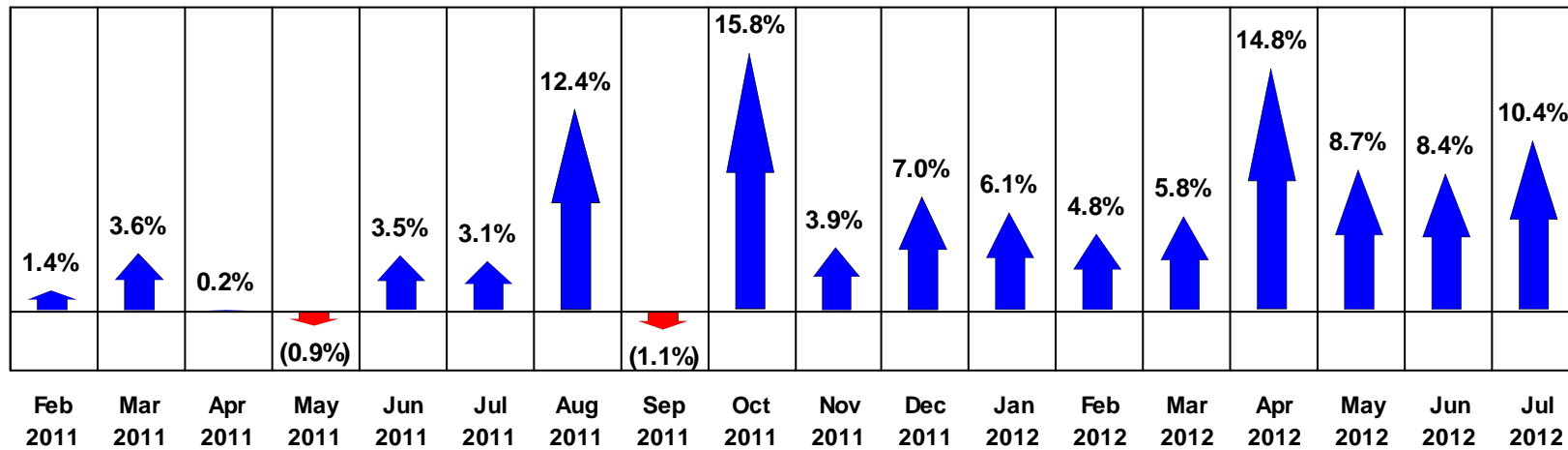
Average Home Prices (\$000)

	2007	2008	2009	2010	2011	07 - '11	10 - '11
Austin	\$183.7	\$188.6	\$187.4	\$193.6	\$193.1	5.1%	-0.3%
Boston	\$395.6	\$361.1	\$332.6	\$357.3	\$346.2	-12.5%	-3.1%
Chicago	\$276.6	\$245.6	\$199.2	\$191.4	\$176.5	-36.2%	-7.8%
Dallas-Ft Worth	\$150.9	\$145.8	\$140.5	\$143.8	\$148.9	-1.3%	3.5%
Denver	\$245.4	\$219.3	\$219.9	\$232.4	\$231.4	-5.7%	-0.4%
Houston	\$152.5	\$151.6	\$153.1	\$155.0	\$155.7	2.1%	0.5%
Las Vegas	\$297.7	\$220.5	\$142.9	\$138.0	\$124.7	-58.1%	-9.6%
Miami	\$365.5	\$285.1	\$211.2	\$201.9	\$181.1	-50.5%	-10.3%
Minneapolis	\$225.2	\$202.0	\$177.7	\$170.6	\$154.7	-31.3%	-9.3%
New York	\$469.7	\$437.9	\$437.2	\$450.0	\$442.6	-5.8%	-1.6%
Phoenix	\$257.4	\$191.3	\$137.0	\$139.2	\$115.5	-55.1%	-17.0%
Portland, OR	\$295.2	\$280.1	\$244.1	\$237.3	\$219.5	-25.6%	-7.5%
Sacramento	\$342.8	\$216.7	\$180.5	\$184.2	\$167.1	-51.3%	-9.3%
San Antonio	\$153.2	\$152.8	\$149.3	\$151.0	\$152.5	-0.5%	1.0%
San Diego	\$588.7	\$385.6	\$359.5	\$385.7	\$370.3	-37.1%	-4.0%
San Francisco	\$804.8	\$622.0	\$493.3	\$525.6	\$483.4	-39.9%	-8.0%
Seattle	\$386.9	\$357.2	\$306.2	\$295.7	\$285.0	-26.3%	-3.6%
Tampa	\$214.9	\$173.0	\$140.7	\$134.2	\$127.8	-40.5%	-4.8%
Tucson	\$244.8	\$204.3	\$172.5	\$156.6	\$134.5	-45.1%	-14.1%
Washington	\$430.8	\$343.4	\$308.6	\$325.3	\$325.4	-24.5%	0.0%

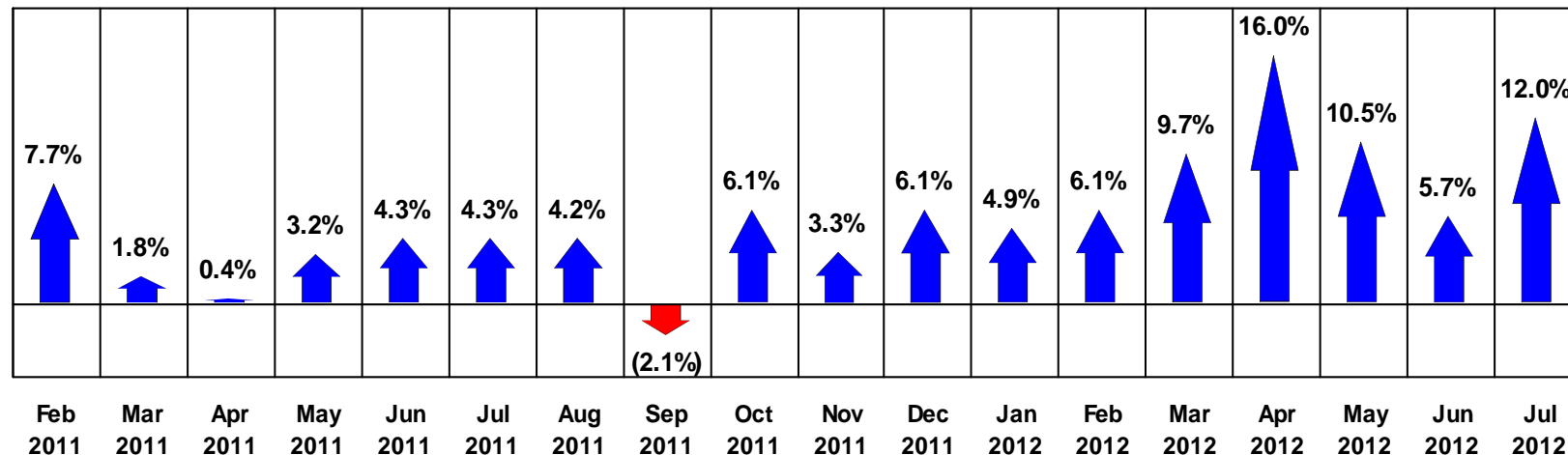
Source: National Association of Realtors; TXP

Sales Tax – Monthly Growth Rate

Monthly Sales Tax Growth - Total Collections

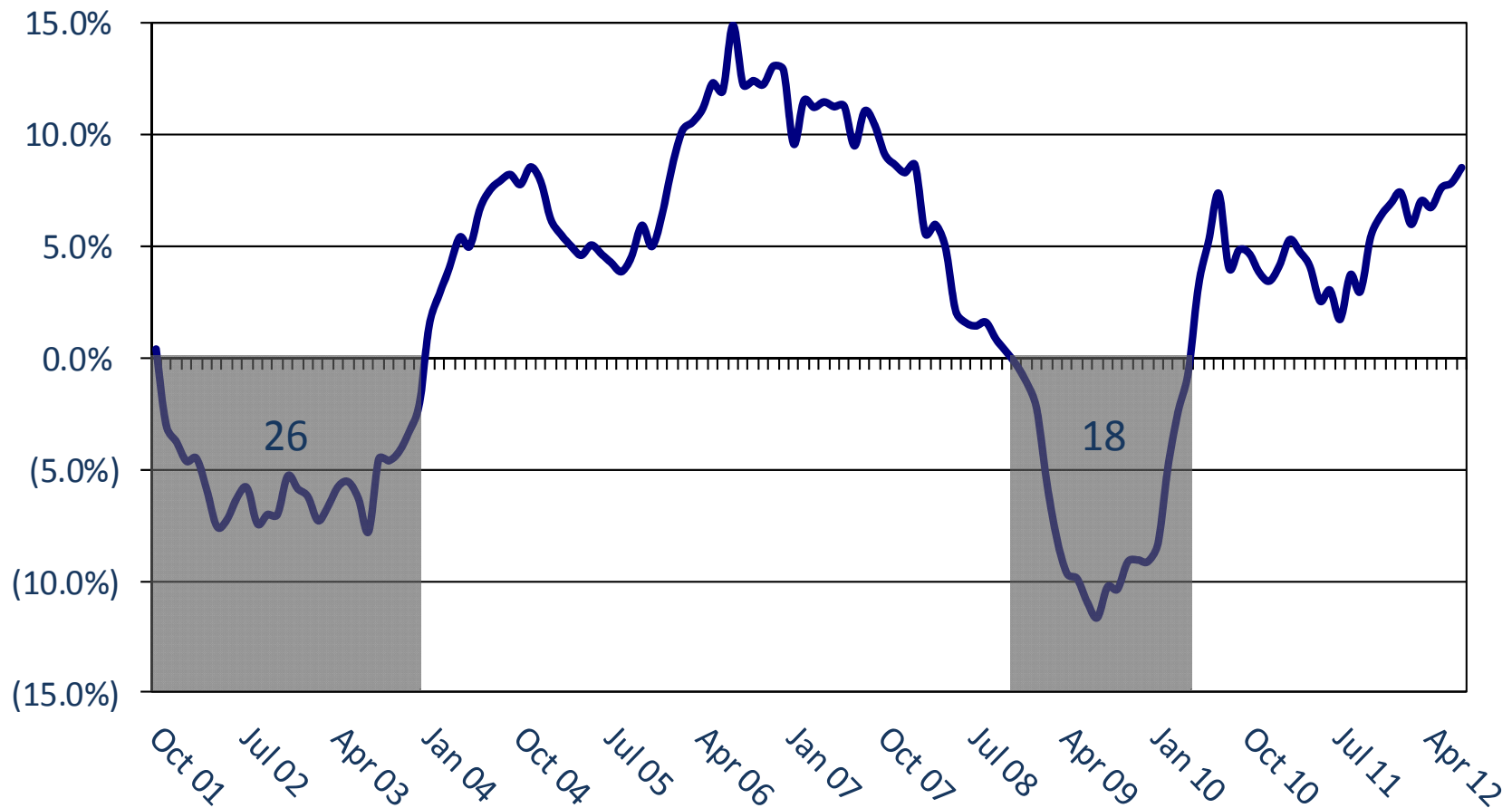


Monthly Sales Tax Growth - Current Period Collections



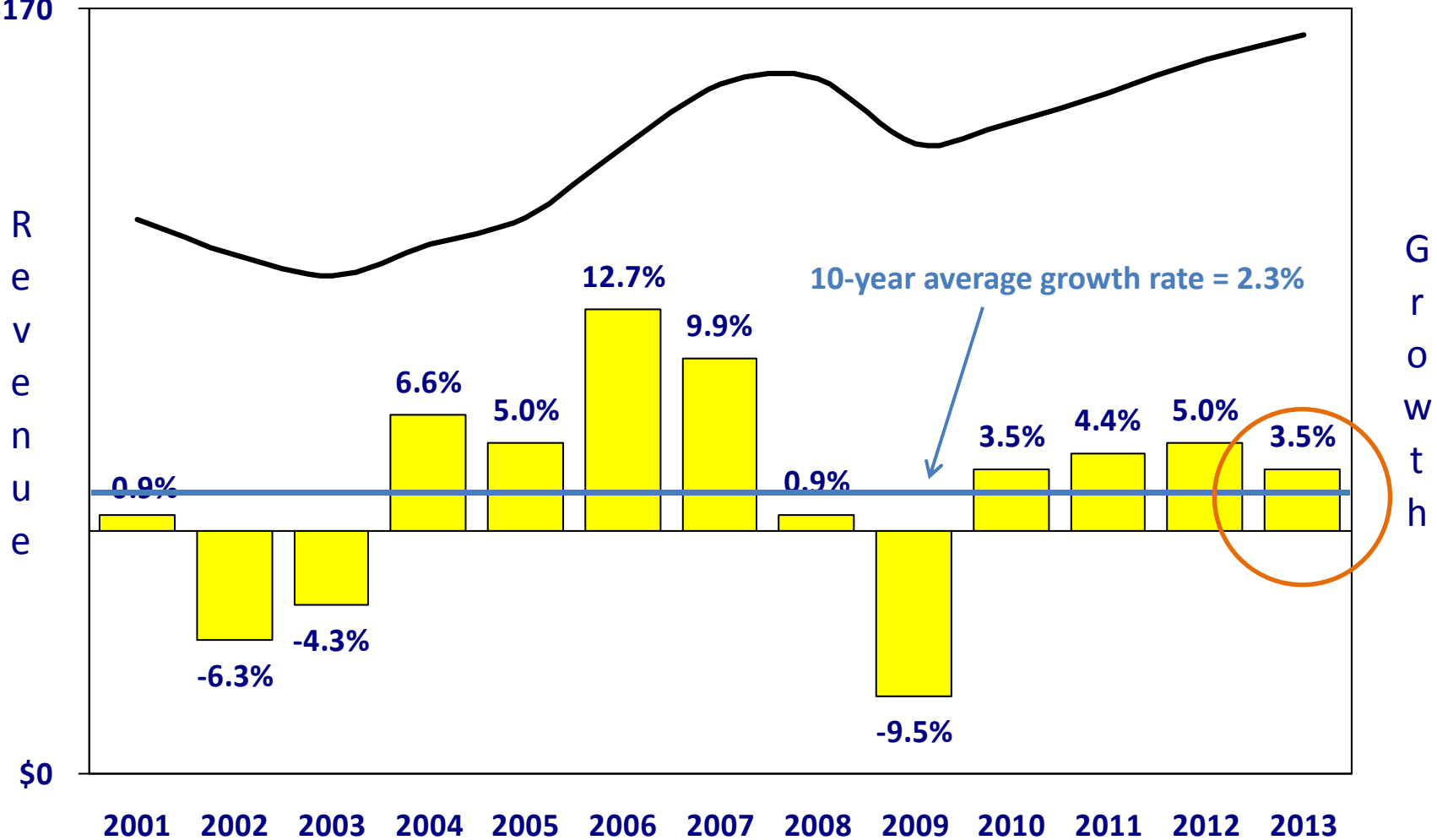
Sales Tax – Rolling Average

6-month Rolling Average of Monthly Changes in Sales Tax Revenue

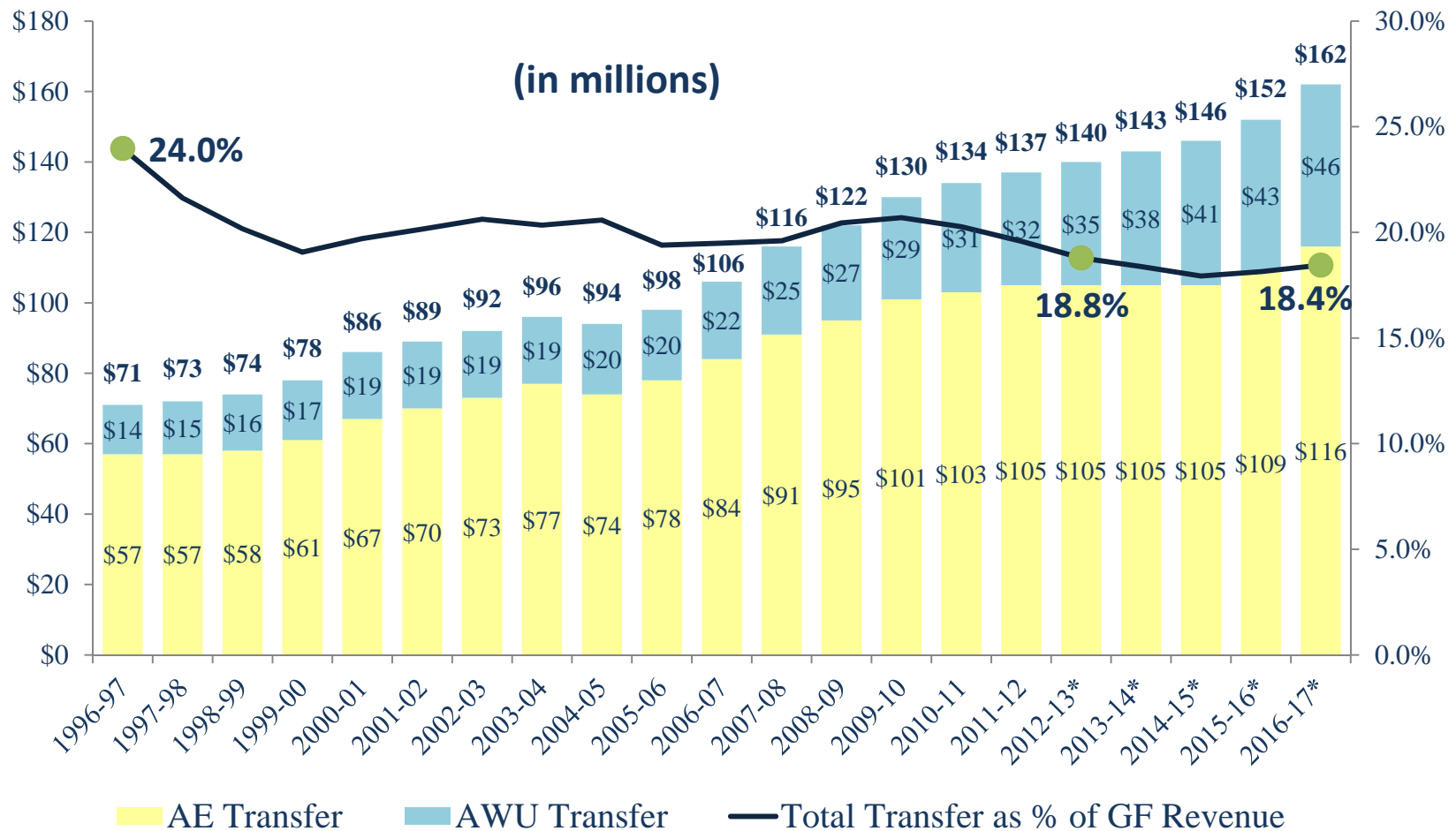


Sales Tax – Annual Growth Rate

Millions
\$170

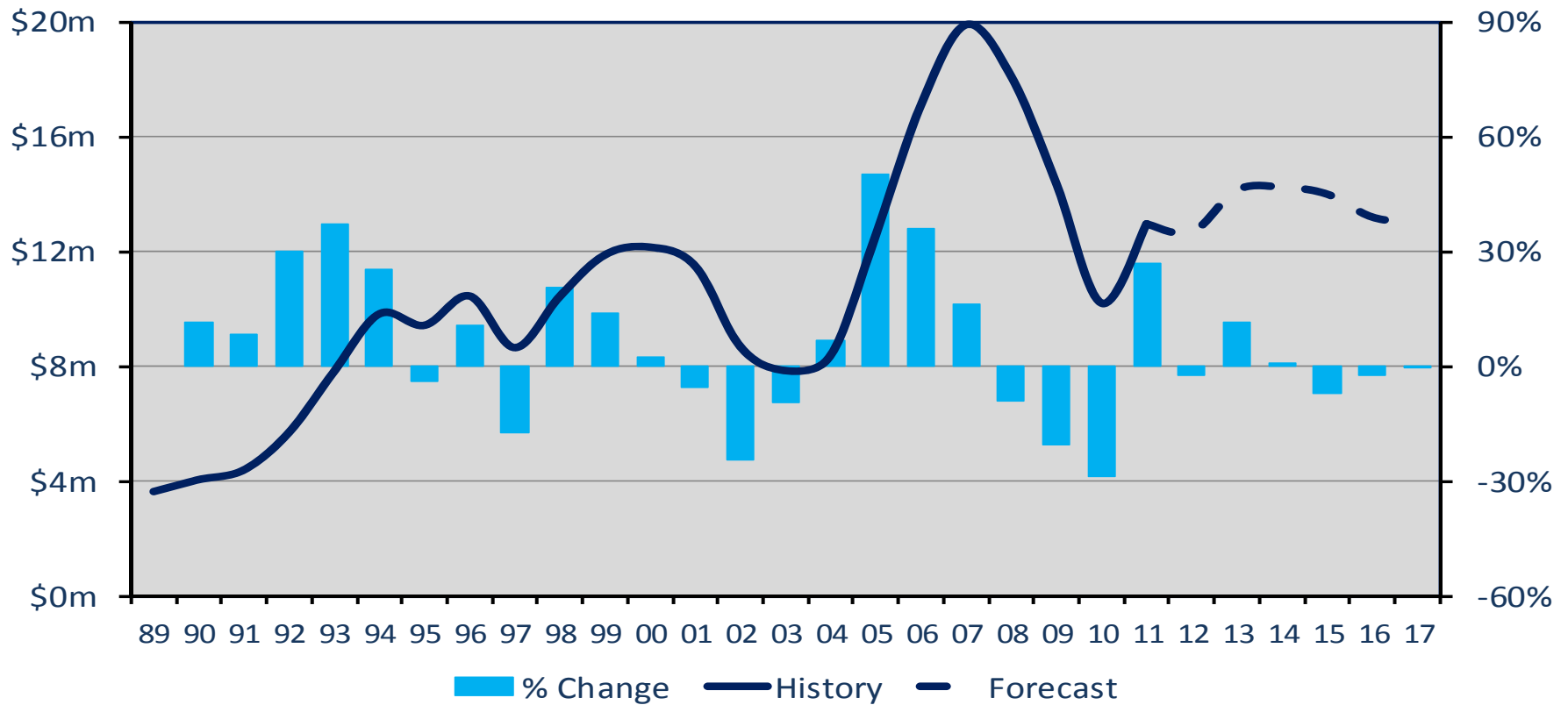


General Fund Transfer



- FY 2012-13 energy transfer = \$105 million (12% non-fuel revenue)
- FY 2012-13 water transfer = \$34.5 million (8.2% gross revenue)

Development Revenue



- FY 2011-12 estimated revenue = \$12.7 million
- FY 2012-13 estimated revenue = \$14.1 million



Other Revenues

➤ Charges for Services

- Primarily Emergency Medical Services, Parks and Recreation, and Health and Human Services
- FY 2012 estimate = \$44.3 million
- FY 2013 projected = \$44.3 million

➤ Franchise Fees

- Telecommunications, cable and gas franchise agreements
- FY 2012 estimate = \$33.0 million
- FY 2013 projected = \$33.3 million

➤ Fines and Penalties

- Traffic fines and parking violation; court and arrest fees; penalties for violations of city ordinances; library fines
- FY 2012 estimate = \$17.9 million
- FY 2013 projected = \$17.9 million

➤ Interest Earnings

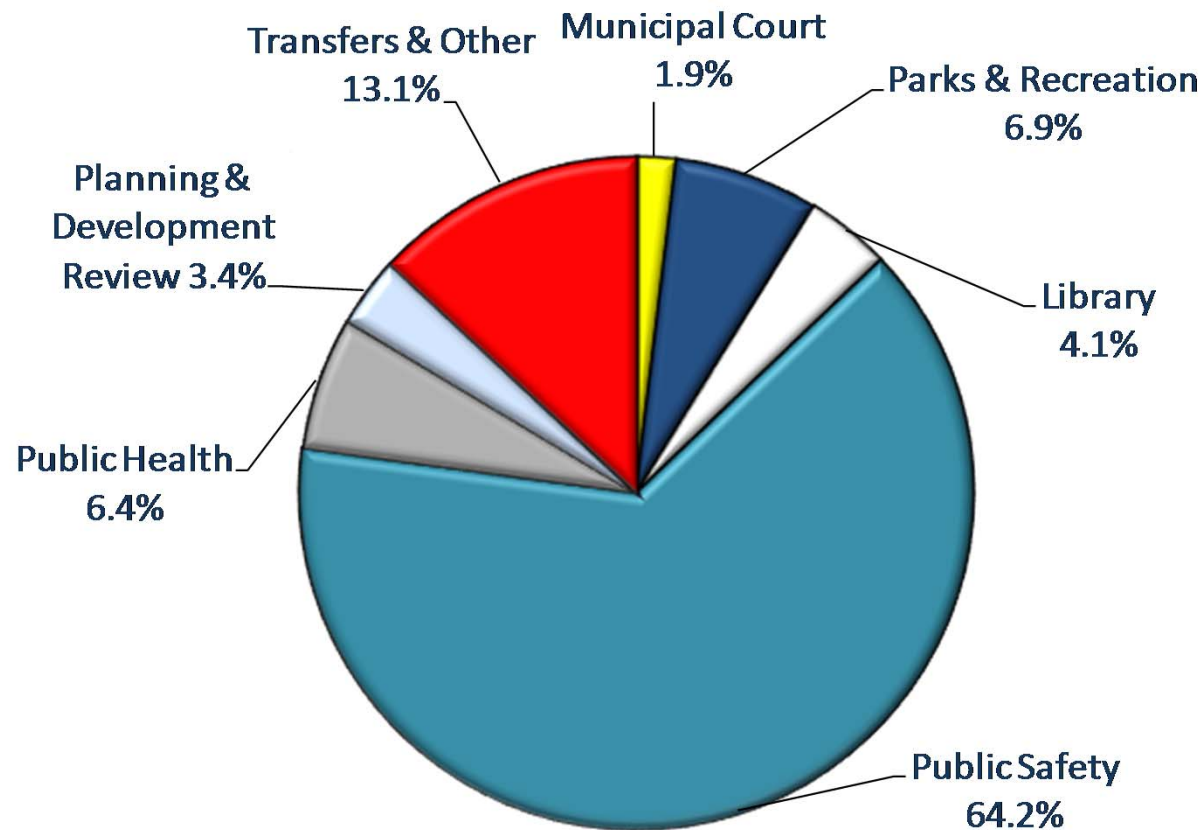
- Rates remain historically low
- \$8.2 million in FY 2008
- FY 2013 projected = \$684,000

General Fund Highlights

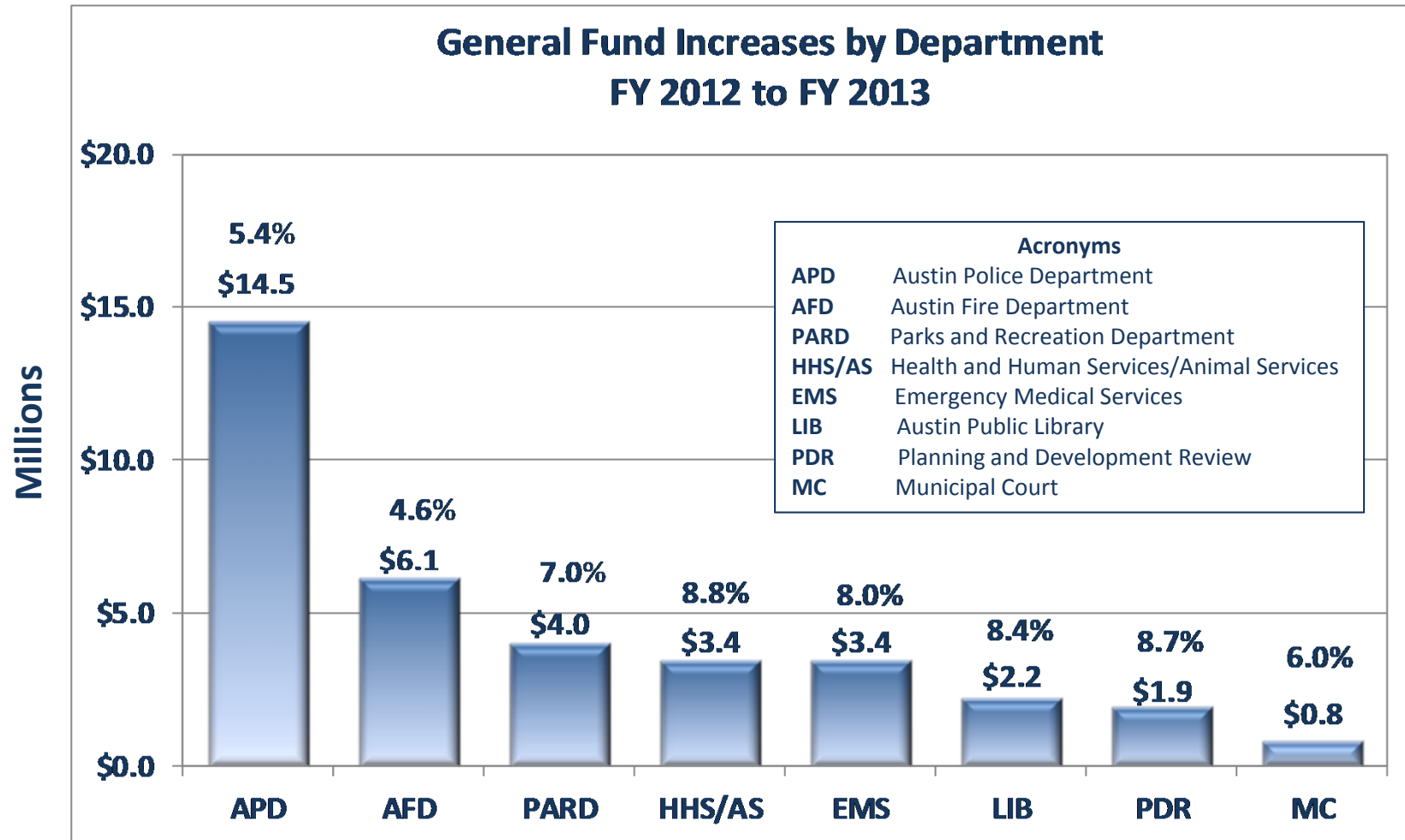


General Fund – Uses of Funds

Fiscal Year 2013 Proposed Budget – \$742.5 Million



Budget Changes by Department



Increases exclude the transfer of supplemental retirement costs from the fund level to department budgets.



General Fund – Budget Highlights

- Downtown Austin Community Court
 - 2 new case managers (\$141,000)
- Animal Services
 - Established as stand-alone office in FY 2013
 - Funding for operation of Town Lake Animal Center as overflow facility (\$162,000)
 - Convert half-time Veterinarian to full-time (\$58,000)
- Health and Human Services
 - Full-year funding for main interlocal agreement with Austin/Travis County Integral Care (\$1.7 million)
 - Transfer social service programs from Sustainability Fund to Health and Human Services budget (\$1.5 million)
 - Grant support to maintain previously funded grant programs including 3 FTEs (\$580,000)
 - Holly Good Neighborhood youth programs (\$95,000)



General Fund – Budget Highlights

➤ Library

- 10 FTEs to address system-wide library needs (\$494,000)
- Establish budget for temporary staff (\$150,000)
- Increase in budget for materials and cataloging as well as electronic databases for public use (\$138,000)
- 2 custodial positions (\$93,000)

➤ Parks and Recreation

- Increase in preventative maintenance contracts (\$652,000)
- O&M costs including 6 FTEs for Asian American Resource Center (\$494,000 FY 2013; \$667,000 annually)
- 4 FTEs to improve park maintenance services (\$350,000)
- Additional funding to maintain specialty programs including the Creativity Club (\$220,000)
- 2 FTEs for Carver Genealogy Center (\$150,000)
- 1.5 FTEs to improve service at Emma S. Barrientos Mexican American Cultural Center (\$139,000)



General Fund – Budget Highlights

➤ Planning and Development Review

- Full-year cost of 11 positions added mid-year 2012 (\$687,000)
- 3 FTEs for implementation of Imagine Austin (\$243,000)

➤ Fire

- Full-year cost of 3 positions added mid-year 2012 (\$225,000)
- Increased overtime budget due to current high number of sworn vacancies – 116 as of July 31 (\$522,000)
- 3 FTEs for personal protective equipment maintenance program and uniform store (\$365,000)
- Community Outreach Program Coordinator (\$70,000)
- Payroll Admin Specialist (\$62,000)
- Recent award of SAFER grant will allow the department to achieve 4 person staffing on remaining 3 aerial trucks in addition to 3 rescue units in 2013



General Fund – Budget Highlights

➤ Police

- 22 officers to maintain ratio of 2 officers per 1,000 – April start date (\$1.2 million FY 2013; \$1.9 million annually)
- Convert 12 grant funded communication positions to General Fund (\$647,000)
- Replace grant funds used for operation of Austin Regional Intelligence Center (\$204,000)
- Upgrade 10 officer positions to detective rank – April start date (\$196,000 FY 2013; \$392,000 annually)

➤ Emergency Medical Services

- Replacement of 55 cardiac monitors (\$1.8 million)
- Full-year cost of 12 paramedics added mid-year 2012 for operation of Mueller station (\$640,000)
- 6 paramedics for new Medic 5 demand unit (\$582,000)
- Increased cost of drugs and medical supplies (\$166,000)



General Fund – Budget Highlights

➤ Fund Level Highlights

- Transfer to CTM fund – \$6.0 million
- Transfer to Support Services Fund – \$5.8 million
- Transfer to Music Venue Assistance Program – \$100,000
- Eliminate transfer to Code Compliance – (\$873,000)
- Reduce transfer to Transportation Fund – (\$815,000)

➤ Supplemental Retirement Contribution

- Supplemental retirement contributions have been moved from the fund level to department budgets
- Total reallocation = \$10.2 million
- No change to bottom line



General Fund – Capital Highlights

➤ Library

- FY 2013 budget includes \$6.2 million of new appropriations related to the new central library project
- Project is currently on schedule and on budget
- Construction set to begin in Summer of 2013
- Grand opening anticipated in the Spring of 2016

➤ Parks and Recreation

- FY 2013 spending plan = \$28.8 million
- Various projects including improvements to Conley-Guerrero Senior Activity Center, renovation of Bartholomew Pool, trail improvements, and a new playscape at Dove Springs Park

➤ Planning and Development Review

- Update of the City's land development code (\$2 million)
- Great Streets Redevelopment Program (\$1.5 million)

Internal Service Departments





Budget Highlights – Support Services Fund

➤ Support Services Departments

- Audit
- Building Services
- City Clerk
- Contract Management
- Financial Services
- Government Relations
- Human Resources
- Law
- Management Services
- Mayor & Council
- Public Information
- Real Estate Services
- SMBR

➤ Operating Highlights

- Contract Management and Real Estate Services transferred from capital project management fund (\$7.3 million)
- Funding for new disparity study (\$1.2 million)
- 5 FTEs in Building Services (\$441,000)



Budget Highlights – Support Services Fund

- Operating Highlights (continued)
 - 4 FTEs in the ethics and compliance unit of the Law Department (\$390,000)
 - 4 FTEs in Human Resources (\$371,000)
 - 4 FTEs in Financial Services (\$341,000)
 - 1 Community Engagement Consultant specializing in minority engagement and foreign languages (\$99,000)
 - Reclassification of two positions in the Office of the City Auditor (\$31,000)



Budget Highlights – Communications and Technology Management

➤ Operating Highlights

- Ongoing technology maintenance and replacement including computers and software licensing (\$5.8 million)
- Citywide IT assessment and strategic plan (\$1 million)
- Relocation of the Waller Creek data center (\$433,000)
- 2 FTEs for growth in public information requests (\$217,000)

➤ Capital Highlights

- Upgrades to the greater Austin/Travis County regional radio system (\$32 million)
 - Costs will be shared by regional partners
- Phase 2 of COATN upgrade (\$11.8 million)
- Critical replacements including network and storage needs, mobile data computers and VOIP (\$6.7 million)
- Upgrade to criminal justice information system (\$836,000)

Enterprise Departments





Austin Convention Center

- Hotel occupancy tax collections continue upswing
 - 2010 collections = \$39.7 million
 - 2011 collections = \$46.8 million
 - 2012 estimated = \$50.0 million
 - 2013 projected = \$51.5 million
- Cost containment remains a top priority
 - Third consecutive year with no new FTEs
- CIP highlights
 - \$9.0 million of new appropriations in FY 2013
 - Significant projects include rebuilding escalators, parking garage repairs, and upgrades to the electrical capacity of the pre-function area of the convention center



Austin Energy

- Council approved electric rate plan (June 7, 2012)
 - Budget reflects first increase to base rates since 1994
 - \$6.53 per month increase for typical user
- Cost containment efforts
 - Controllable costs held constant at FY 2012 levels
 - Fourth consecutive year with no new FTEs
 - Deferral of non-critical equipment maintenance and IT projects
- Total projected operating budget increase of \$50.8 million (4.2 percent)
- CIP highlights
 - FY 2013 spending plan = \$220.8 million; 5 year plan = \$1.1 billion
 - \$180.5 million for investments in power production, distribution, transmission, and alternative energy projects
 - \$12 million for the completion of the system control center; \$5.2 million for decommissioning of holly power plant; \$4.5 million for customer billing and metering projects



Austin Resource Recovery

- New rate structure designed to encourage recycling
 - 16 cents per gallon fee for carts 64 gallons and smaller
 - 25 cent per gallon fee for 96 gallon cart
 - \$1.00 per month increase for user of 64 gallon cart
- Clean Community Fee (formerly Anti-Litter Fee)
 - Funds litter abatement, street cleaning, hazardous waste disposal and Code Compliance activities
 - Proposed \$1 per month increase for residential customers; \$4.50 per month increase for commercial customers
- Operating budget highlights
 - 4 FTEs to implement new recycling requirements
 - 2 FTEs to enhance quality control and customer service
 - \$2.4 million and 4 FTE for enhanced marketing, outreach, and education for zero waste initiatives
- CIP highlights
 - FY 2013 spending plan = \$21.8 million
 - Includes \$14.1 million in new vehicle purchases and \$7 million for Harold Court environmental remediation project.



Austin Transportation Department

- Proposed budget includes 5.5 new FTEs
 - 2 related to taking over the street banner program from AE
 - 1.5 for the vehicles for hire and valet parking programs
 - 1 Business Process Consultant to assist with long range and strategic business efforts
 - 1 Public Information Specialist to enhance community engagement efforts
- Capital budget highlights
 - \$1.3 million new appropriation for downtown initiatives including urban rail planning and way-finding
 - \$783,000 transfer to the Great Streets program
 - proposed change to funding model will be presented to Council 8/23
- 7% increase in the Transportation User Fee
 - Funds both public works and the transportation departments
 - Planned FY 2012 increase deferred to FY 2013
 - 51 cent per month increase per household



Austin Water Utility

- Two-phase rate change
 - Phase 1 (effective 11/1/2012) – system-wide increases of 6% for wastewater service and 10.8% for reclaimed water
 - Phase 2 (effective 2/1/2013) – implements joint subcommittee rate recommendations for water service
 - \$6.77 per month increase for typical user
- Budget includes funding for 26 new FTEs
 - 13 related to operations and maintenance of WTP4
 - 5 to enhance water conservation and water quality
 - 4 related to the needs of an expanding utility system
 - 4 to enhance planning and business practices
 - Development of a long-term staffing plan is underway; only 13 net positions added to the utility since FY 1995-96
- CIP highlights
 - FY 2013 spending plan = \$258.6 million; 5 year plan = \$1 billion
 - \$238.9 million of 5 year plan for construction of WTP4
 - Other projects include wastewater facility improvements, expansion of the reclaimed water system, and funding for new and replacement vehicles



Aviation

- Strong revenue growth projected to continue
 - 5.7% increase in landing fees and terminal-lease revenue
 - 16.5% increase in non-airline revenue
- Modest 2.4% increase projected in the cost per enplaned passenger
 - Budget includes funding for 4 new FTEs to enhance safety management, facility maintenance, and IT support
 - \$21.8 million transfer to airport capital fund planned for FY 2013
- Capital budget highlights
 - \$24.5 million in new appropriations in FY 2013
 - Focus of CIP program for FY 2013 will be on a variety of terminal and facility improvements including freight and garage elevator refurbishment, roadway safety and upgrades, and overflow parking lot improvements



Code Compliance

- Proposed budget includes 19 new FTEs
 - 6 field positions and 3 administrative positions for the expansion of private waste hauler monitoring and licensing activities
 - 8 Code Inspectors to implement a proactive multi-family inspection program and improve service levels
 - 2 positions to implement a new administrative hearing process
- Clean Community Fee (formerly Anti-Litter Fee)
 - Code Compliance was previously funded via transfers from Austin Resource Recovery and the General Fund
 - Department will now be funded through a portion of the Clean Community Fee (previously called the Anti-litter Fee)
 - Proposed \$1 per month increase for residential customers and \$4.50 per month increase for commercial customers will provide funding for both ARR and Code Compliance



Public Works Department

- Proposed budget includes 11 new FTEs
 - 4 for a new street tree maintenance and planting crew
 - 4 for construction inspection to manage increasing workload
 - 3 for a career progression initiative for street and bridge operations field staff
- Capital budget highlights
 - \$20.3 million for bike and pedestrian improvements
 - \$8.9 million for lady bird lake boardwalk
 - \$5.4 million for street reconstruction of 3rd street
- 7% increase in the Transportation User Fee
 - Funds both public works and the transportation departments
 - Planned FY 2012 increase deferred to FY 2013
 - 51 cent per month increase per household



Neighborhood Housing & Community Development

- \$1.8 million cut in CDBG and HOME grants
 - In addition to \$1.8 million reduction in FY 2012
 - Decrease partially offset by one-time grants awards
 - Five positions now funded by Housing Trust Fund as a result of grant reductions
 - Increase Sustainability Fund transfer by \$0.5 million
- Capital budget highlights
 - \$53.5 million of \$55.0 million from 2006 GO Bonds has been appropriated
 - FY 2013 spending plan is \$4.4 million for affordable housing programs
- Funding Challenges Anticipated to Continue
 - Actions taken to address reductions in FY 2013 are partially one-time solutions
 - Comprehensive review of grant programs and funding options will be conducted prior to FY 2014 budget process
- HUD Action Plan presented to Council at August 2 meeting



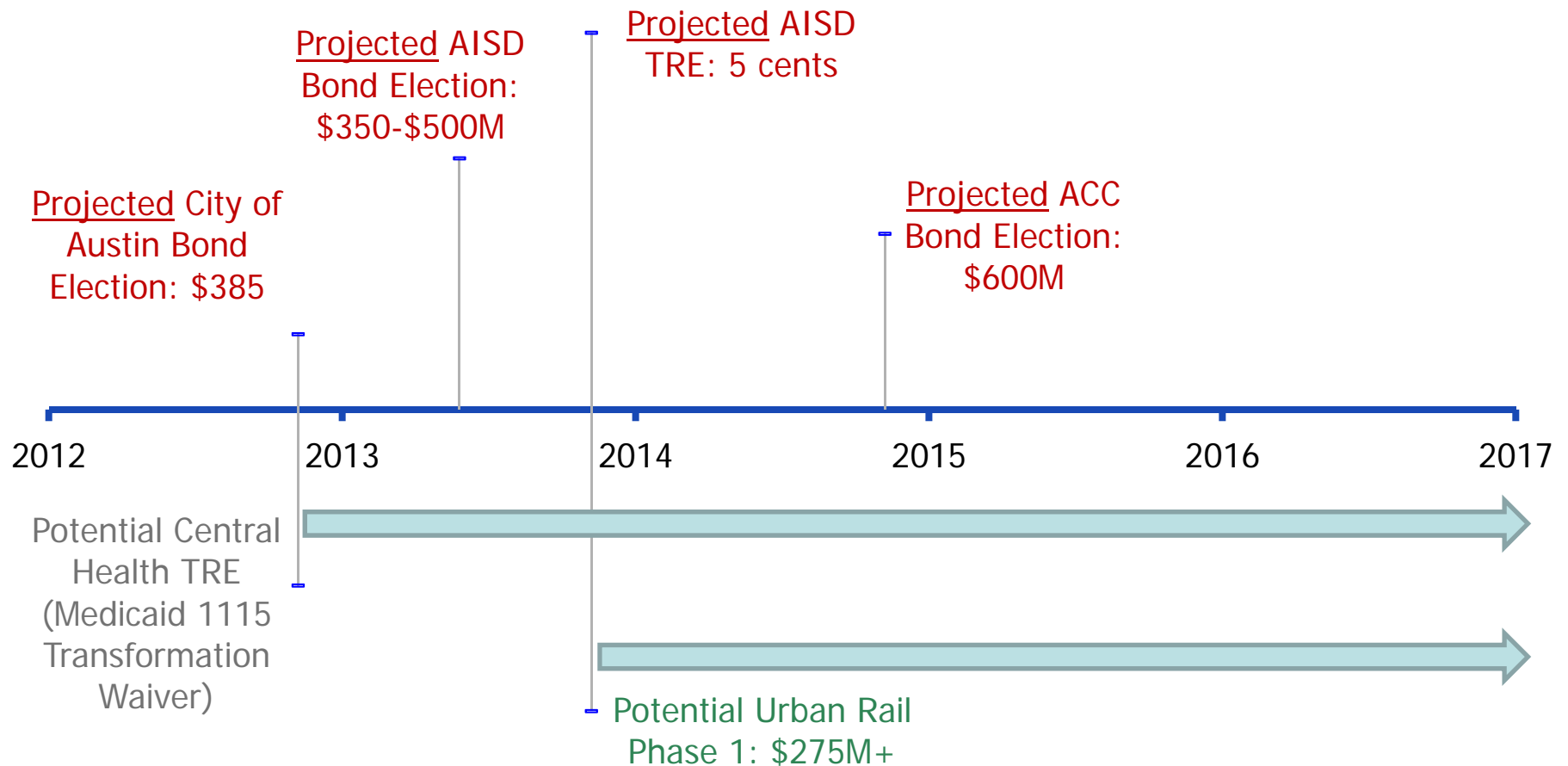
Watershed Protection

- 7.7% increase in the Drainage Utility Fee
 - 60 cent per month increase per equivalent residential unit
- Continuation of infrastructure and system improvements as outlined in the master plan
 - Increase in transfer to CIP from \$19.1million to \$21 million
 - Part of a long-term funding strategy to implement the drainage master plan over a 40 year period
- Capital budget highlights
 - FY 2013 spending plan = \$50.9 million
 - \$23.3 million for Waller Creek Tunnel
 - \$10.0 million for Watershed Protection master plan projects
 - \$8.5 million for erosion, flood control and localized drainage improvements
 - \$3.7 million for water quality remediation and protection

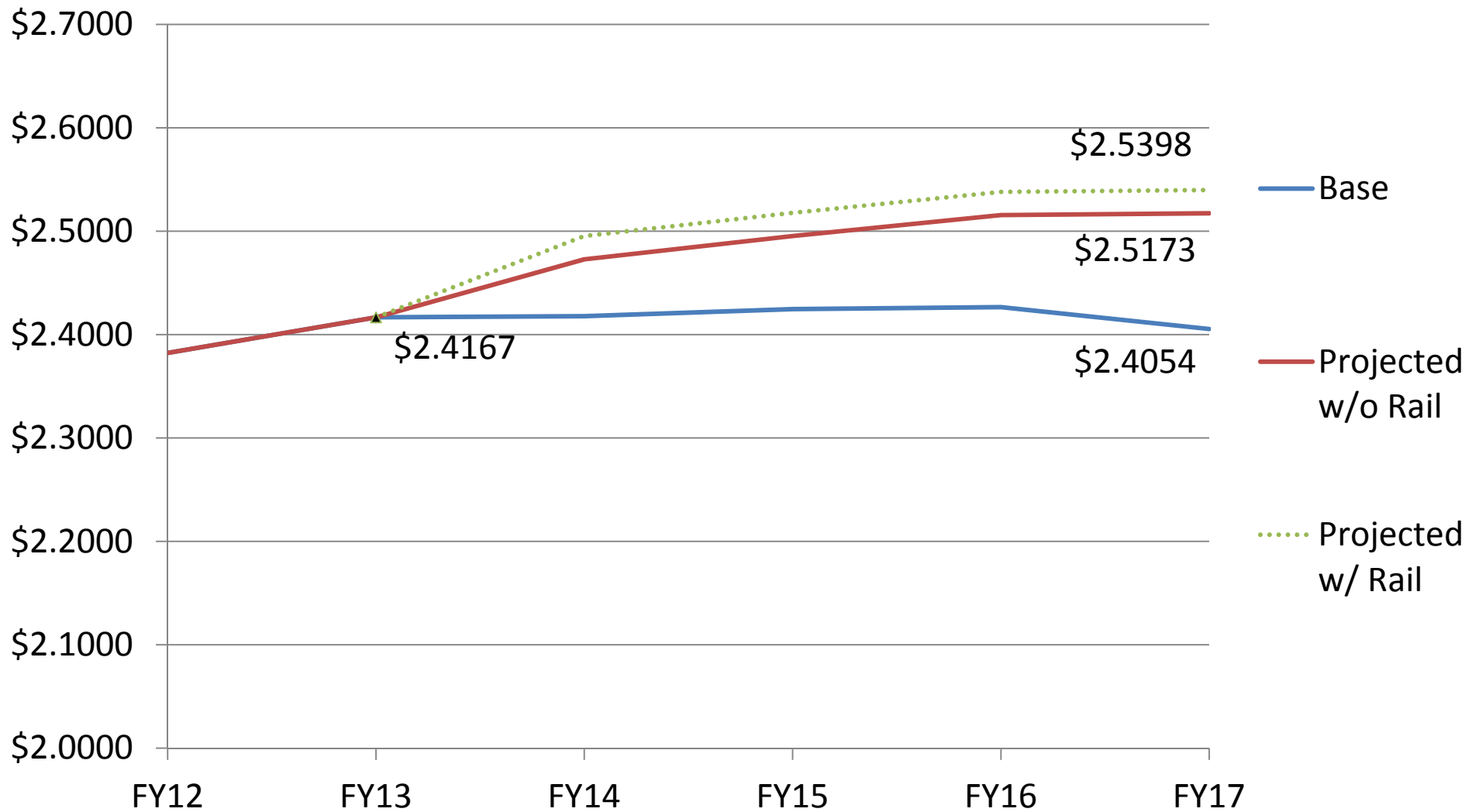
Cross Jurisdictional Rate Analysis



Potential Time Line of Tax Elections



Combined Tax Rate Forecast



Impact to Typical Homeowner

Projected Scenario w/o Rail

	FY12	FY13	FY14	FY15	FY16	FY17	CAGR
City of Austin	\$877	\$897	\$945	\$985	\$1,018	\$1,067	4.0%
Travis County	\$708	\$710	\$729	\$753	\$790	\$838	3.4%
AI SD	\$2,077	\$2,029	\$2,174	\$2,252	\$2,334	\$2,349	2.5%
ACC	\$168	\$165	\$170	\$193	\$209	\$235	6.9%
Central Health	\$115	\$113	\$116	\$119	\$123	\$127	2.0%
TOTAL PROPERTY TAX	\$3,945	\$3,913	\$4,133	\$4,303	\$4,474	\$4,615	3.2%
City of Austin Utilities/Fees	\$2,489	\$2,674	\$2,786	\$2,900	\$3,002	\$3,076	4.3%
GRAND TOTAL	\$6,434	\$6,587	\$6,919	\$7,204	\$7,476	\$7,692	3.6%

Projected bills based on AV net of homestead exemption for median-value Austin home appreciating 3% annually beginning FY14; 1,000 Kwh average monthly electric usage; 7,727 gallons average monthly water usage; 4,699 gallons average monthly wastewater usage; and 64-gallon trash cart.



Next Steps in Budget Process

August 15 (9:00 – noon)

- ✓ Budget presentations from Library, HHS, PARD, PDR
- ✓ Set maximum tax rate

August 22 (9:00 – 4:00)

- ✓ Budget presentations from Police, EMS, Fire, AE, AWU, ARR, Code Compliance

August 23 and 30

- ✓ Public hearings on budget, tax rate, and utility rates

September 10-12

- ✓ Budget adoption

Questions?

More information at
www.AustinTexas.gov/finance

